

RESOLUTION NO. **99-001**

ADOPTED BY THE SACRAMENTO CITY FINANCING AUTHORITY

ON DATE OF FEB 23 1999

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SACRAMENTO CITY FINANCING AUTHORITY AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF NOT TO EXCEED \$100,000,000 AGGREGATE PRINCIPAL AMOUNT OF SACRAMENTO CITY FINANCING AUTHORITY SENIOR REVENUE BONDS (SACRAMENTO CONVENTION CENTER HOTEL PROJECT), 1999 SERIES A, THE ISSUANCE, SALE AND DELIVERY OF NOT TO EXCEED \$5,000,000 AGGREGATE PRINCIPAL AMOUNT OF SACRAMENTO CITY FINANCING AUTHORITY SUBORDINATE REVENUE BONDS (SACRAMENTO CONVENTION CENTER HOTEL PROJECT), 1999 SERIES B AND THE EXECUTION AND DELIVERY OF EACH TRUST AGREEMENT, A LOAN AGREEMENT, A LIMITED OFFERING MEMORANDUM, A PURCHASE AGREEMENT, A SUBORDINATE PURCHASE AGREEMENT, A GARAGE LOCKBOX AGREEMENT, A HOTEL LOCKBOX AGREEMENT AND RELATED DOCUMENTS AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE AND SALE OF EACH SUCH BONDS

WHEREAS, the City of Sacramento, a charter city and municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "City"), is authorized pursuant to its Charter, Ordinance No. 83-022, adopted on February 15, 1983 (as amended by Ordinance No. 99-004, enacted on February 9, 1999), known as the City of Sacramento Economic Development Bond Law (the "Law"), and the laws of the State of California to provide financial assistance to a Participating Party (as defined in the Law) in financing the acquisition, construction, installation, rehabilitation, improvement and/or equipping of a convention center hotel within the City limits which is necessary, essential, a public purpose and a municipal affair; and

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WHEREAS, the Sacramento City Financing Authority, a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California (the "Authority") has determined to assist the City and the Sacramento City Redevelopment Agency (the "Agency") in exercising a common power of the City and the Agency to issue bonds and loan the proceeds to the Sacramento Hotel Corporation, a California nonprofit public benefit corporation (the "Corporation"); and

WHEREAS, the Corporation (the "Corporation") has applied to the Authority for approval as a Participating Party and for approval of a Facility (as defined in the Law) for financing under the Law; and

WHEREAS, the Authority has determined it is a municipal purpose and of public benefit to assist the Corporation in the acquisition of certain real property and the construction, installation, rehabilitation, improvement and/or equipping of facilities thereon which will comprise a convention center hotel (the "Project"); and

WHEREAS, the Authority intends to issue its Senior Revenue Bonds (Sacramento Convention Center Hotel Project), 1999 Series A (the "1999 Series A Bonds") pursuant to an indenture (the "Indenture"), dated as of March 1, 1999, between the Authority and BNY Western Trust Company, as trustee (the "Trustee"); and

WHEREAS, the Authority intends to issue its Subordinate Revenue Bonds (Sacramento Convention Center Hotel Project), 1999 Series B (the "Subordinate Bonds" and together with the 1999 Series A Bonds, the "Bonds") pursuant to an indenture of even date with the Indenture (the "Subordinate Indenture") between the Authority and BNY Western Trust Company, as trustee (the "Subordinate Trustee"); and

WHEREAS, the proceeds of the Bonds will be loaned to the Corporation pursuant to a loan agreement (the "Loan Agreement"), dated on even date with the Indenture, between the Authority and the Corporation, for the purpose of financing the acquisition of certain real property and the construction, installation, rehabilitation, improvement and/or equipping of the Project; and

WHEREAS, the Bonds are to be repaid from the operating revenues of the hotel and the City's Lot E Garage, which is to be leased by the City to the Corporation pursuant to a parking lot lease between the City and the Corporation; and

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WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California, the Law and the Charter of the City to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided; and

NOW, THEREFORE, BE IT RESOLVED by the board of directors of the Sacramento City Financing Authority (the "Board") as follows:

Section 1. All of the above recitals are true and correct, and the Authority so finds and determines.

Section 2. The Authority hereby specifically finds and declares that the actions authorized hereby constitute and are with respect to municipal affairs of the City and the statements, findings and determinations of the Authority set forth in the preambles of the documents approved herein are true and correct.

Section 3. The Authority hereby finds that the significant public benefits of financing the Project include, but are not limited to, the following:

1. the full and gainful employment of residents of the City;
2. the development of new commercial and business facilities;
3. the growth of the City's tax base through increased property values and consumer purchasing; and
4. the preservation and revitalization of the City's central business district.

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Section 4. The Indenture and Subordinate Indenture in substantially the forms presented at this meeting are hereby approved. The Treasurer or any Assistant Treasurer of the Authority, or any officer designated by the Treasurer or Assistant Treasurer (each, an "Authorized Officer"), each acting alone, are hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Indenture and Subordinate Indenture in substantially said form, and the Secretary or any Assistant Secretary of the Authority shall attest to such Authorized Officers signature, with such changes therein as the officer executing the same, with the advice of the Authority's counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The form of Loan Agreement presented at this meeting is hereby approved. The Authorized Officers, each acting alone, are hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Loan Agreement in substantially said form, with such changes therein as the officer executing the same may, with the advice of the Authority's counsel, require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The form of Purchase Agreement for the 1999 Series A Bonds (the "Purchase Agreement") presented at this meeting is hereby approved. The Authorized Officers, each acting alone, are hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Purchase Agreement in substantially said form, with such changes therein as the officer executing the same may, with the advice of the Authority's counsel, require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The net interest cost of the 1999 Series A Bonds as specified in the Purchase Agreement shall not exceed eight percent (8%) per annum and the aggregate principal amount of the 1999 Series A Bonds shall not exceed \$100,000,000. The Treasurer is hereby authorized to sell the 1999 Series A Bonds at a public sale in accordance with the terms of the Purchase Agreement and as provided herein.

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Section 7. The form of Placement Agreement for the 1999 Series B Bonds (the "Subordinate Purchase Agreement") presented at this meeting is hereby approved. The Authorized Officers, each acting alone, are hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Subordinate Purchase Agreement in substantially said form, with such changes therein as the officer executing the same may, with the advice of the Authority's counsel, require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The net interest cost of the 1999 Series B Bonds as specified in the Subordinate Purchase Agreement shall not exceed twelve percent (12%) per annum and the aggregate principal amount of the 1999 Series B Bonds shall not exceed \$5,000,000. The Treasurer is hereby authorized to sell the 1999 Series B Bonds at a private sale in accordance with the terms of the Subordinate Purchase Agreement and as provided herein; provided, however, that the Authority shall have received a sophisticated investor letter from Public Market Building LLC in form satisfactory to the Authority with the advice of bond counsel prior to delivery of the Subordinate Bonds.

Section 8. The proposed form of the limited offering memorandum relating to the 1999 Series A Bonds (the "Limited Offering Memorandum") presented at this meeting and to be used in connection with the offer and sale of the 1999 Series A Bonds is hereby adopted and approved, and the Authorized Officers, each acting alone, are hereby authorized to execute and deliver the same, for and on behalf of the Authority, with such changes therein as the officer executing the same, with the advice of the Authority's counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Authorized Officers, each acting alone, are also authorized to deem the preliminary form of the Limited Offering Memorandum final for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

Section 9. The form of Hotel Lockbox Agreement (the "Hotel Lockbox Agreement") between the Corporation, the Authority, the Trustee, Public Market Building LLC (the "Developer") and Sheraton Operating Corporation and Starwood Hotels & Resorts Worldwide, Inc. (the "Hotel Operator") presented at this meeting is hereby approved. The Authorized Officers, each acting alone, are hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Hotel Lockbox Agreement in substantially said form, with such changes therein as the officer executing the same may, with the advice of the Authority's counsel, require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

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Section 10. The form of Garage Lockbox Agreement (the "Garage Lockbox Agreement") between the Corporation, the City, the Authority, the Trustee, the Developer and AllRight Parking (the "Garage Operator") presented at this meeting is hereby approved. The Authorized Officers, each acting alone, are hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Garage Lockbox Agreement in substantially said form, with such changes therein as the officer executing the same may, with the advice of the Authority's counsel, require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 11. The Underwriter is hereby authorized to distribute the Limited Offering Memorandum in preliminary form to persons who may be interested in the purchase of the 1999 Series A Bonds to deliver the Limited Offering Memorandum in final form to the purchasers of the 1999 Series A Bonds.

Section 12. The 1999 Series A Bonds in the aggregate principal amount of not to exceed \$100,000,000 and the Subordinate Bonds in the aggregate principal amount of not to exceed \$5,000,000 are hereby authorized to be issued. The 1999 Series A Bonds and Subordinate Bonds shall be executed by the manual or facsimile signature of the Treasurer or any Assistant Treasurer of the Authority and attested by the manual or facsimile signature of the Secretary or any Assistant Secretary of the Authority, in accordance with the Indenture and Subordinate Indenture.

Section 13. The 1999 Series A Bonds and the Subordinate Bonds, when so executed, shall be delivered to the Trustee and Subordinate Trustee for authentication by each trustee, respectively. The Trustee and Subordinate Trustee are hereby requested and directed to authenticate the 1999 Series A Bonds and Subordinate Bonds by executing each Trustee's Certificate of Authentication appearing thereon, and to deliver the 1999 Series A Bonds and the Subordinate Bonds, when duly executed and authenticated, to the purchaser thereof in accordance with written instructions executed on behalf of the Authority by an Authorized Officer, which instructions said officers are hereby authorized and directed, for and on behalf of the Authority, to execute and deliver to the Trustee and the Subordinate Trustee. Said instructions shall provide for the delivery of the 1999 Series A Bonds and Subordinate Bonds to the purchaser thereof, as determined and confirmed by the Treasurer, upon payment of the purchase price thereof.

Section 14. The Authority hereby designates the firm of Orrick, Herrington & Sutcliffe LLP to serve as bond counsel in connection with the issuance, sale and delivery of the 1999 Series A Bonds and the Subordinate Bonds.

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Section 15. The aggregate principal amount of the Loan Agreement shall not exceed \$105,000,000, and which amount is hereby determined to be not in excess of the total cost of the Project.

Section 16. The Treasurer or any Assistant Treasurer of the Authority is hereby authorized to make changes to the documents approved in substantial form herein, to the extent necessary to successfully complete the marketing of the 1999 Series A Bonds, such approval of such changes to be conclusively evidenced by the execution and delivery of the final documents.

Section 17. The officers of the Authority are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, certificates and other instruments which they may deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and any other documents executed and delivered pursuant to the authority granted in this resolution. Any such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

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Section 18. This resolution shall take effect immediately.

PASSED AND ADOPTED this 23 day of February, 1999, by the following vote:

AYES: Cohn, Fargo, Hammond, Kerth, Pannell, Waters, Yee, Serna

NOES: None

ABSENT: None

APPROVED:

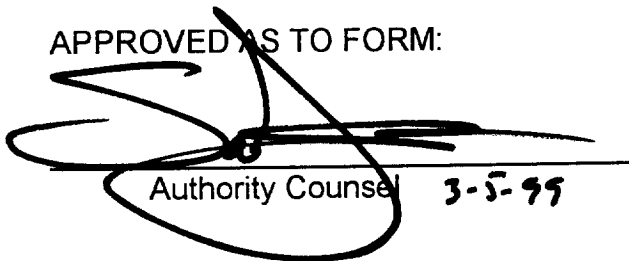

Chairman

[Seal]

ATTEST:


Secretary

APPROVED AS TO FORM:


Authority Counsel 3-5-99

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